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The FARM INCOME SITUATION

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FARM INCOME IN 1956

Prospects for the remainder of 1956 indicate that farm prices, farm costs, and farm incomes will likely be maintained fairly close to current levels. Cash receipts from farm marketings in the first quarter of this year totaled 5 percent less than a year earlier, mainly due to lower prices of farm products. Farm costs were reduced a little, reflecting substantially lower prices of feed and feeder livestock. Farm operators' realized net income in the first quarter of the year was down 7 percent from the first quarter of 1955, but was at substantially the same rate as in the second half of 1955.

The price outlook for the rest of the year is for little change over-all. Price supports for most 1956 crops are not much different from those for 1955 crops. Supports for wheat, corn, cotton, rice, and peanuts are slightly lower, but somewhat higher supports have been announced for soybeans, flaxseed, manufacturing milk, and butterfat. The incentive level for 1956 clip wool is the same as in 1955. Further, prices of hogs will likely be firmer this fall than last, reflecting cutbacks in the spring pig crop.

(Continued on page 2)

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

The volume of farm products moving to market will probably hold at a high rate. Crop acreage in 1956 may be reduced slightly if farmers' intentions to plant as of March 1 are realized. Acreage allotments and marketing quotas have been reduced for flue-cured tobacco, rice, and cotton. But production of most livestock and livestock products this year will be larger than last year, especially milk, poultry, and eggs.

Farm production expenses so far this year are slightly below 1955. Costs of feed and replacement livestock are lower. Farm wage rates are much the same, but there are slightly fewer hiredworkers this year. Interest and tax charges are larger. Costs of industrial commodities used in farm production continue to rise, reflecting the upward trend in the nonfarm economy.

While farm operators' realized net income the rest of the year may hold fairly close to the first quarter estimate of 10.4 billion dollars (annual rate, seasonally adjusted), it will probably total below the 10.8 billion dollars realized in 1955. This, of course, does not take into account possible increases in income that could occur from further changes in farm programs.

Cash receipts in the first quarter

Cash receipts from farm marketings in the first quarter of 1955 totaled approximately 5.9 billion dollars, down 5 percent from the total of 6.2 billion for the first quarter of 1955. The total volume of farm marketings was about 2 percent larger than a year ago, but prices averaged 7 percent lower. First-quarter livestock receipts of 3.6 billion dollars were down 5 percent, mostly because of lower average prices for meat animals. Crop receipts of 2.3 billion dollars were 4 percent below a year ago, reflecting lower average prices.

The preliminary estimate of farmers' cash receipts in March is 1.8 billion dollars, about the same as in February but 5 percent lower than a year earlier. March receipts from livestock and products are estimated at 1.3 billion dollars, crop receipts at 0.5 billion.

Seasonally adjusted annual rates

Farmers' realized net income in the first quarter of 1956 was at an annual rate of approximately 10.4 billion dollars. This was a little below last year's fourth quarter rate of 10.7 billion, and about the same as the average rate in the second half of 1955 (table 1). However, it was considerably below the seasonally adjusted rate of 11.2 billion dollars in the first quarter of last year.

Table 1.- Gross and net farm income by quarters, seasonally adjusted at annual rates

Item	1955					1956
	Year	I	II	III	IV	I
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Cash receipts from farm marketings	29.4	30.1	29.7	28.7	29.1	28.8
Nonmoney income and Government payments..	3.8	3.8	3.8	3.7	3.7	3.8
Realized gross farm income	33.2	33.9	33.5	32.4	32.8	32.6
Farm production expenses	22.4	22.7	22.5	22.2	22.1	22.2
Farmers' realized net income	10.8	11.2	11.0	10.2	10.7	10.4
Net change in farm inventories	.2	.4	.2	.1	.1	.0
Farmers' total net income	11.0	11.6	11.2	10.3	10.8	10.4

In 1955, farmers' realized net income declined only slightly from the first to the second quarter, but dropped off considerably in the third as prices of farm products declined. Prices declined further in the fourth quarter, but cotton marketings were later than usual and some cotton normally sold in the third quarter was sold in the fourth. As a result, seasonally adjusted cash receipts and net income for the fourth quarter were somewhat higher than in the third.

Prices of farm products in the first quarter of 1956 averaged nearly the same as in the fourth quarter of 1955, while the volume of marketings dropped off to a more normal rate. This resulted in a decline in seasonally adjusted cash receipts to an annual rate of 28.8 billion dollars, and largely accounted for the drop in farmers' realized net income.

The annual rate of production expenses rose slightly from the last quarter of 1955 to the first quarter of 1956 because of an increase in average prices paid by farmers for production items. However, production expenses were below the first quarter rate in 1955 because lower prices paid for feed, seed, and livestock more than offset increases in interest payments and farm property tax rates.

Table 2.- Cash receipts from farming, United States

Source	January 1955	January 1956	February 1955	February 1956	January-February 1955	January-February 1956
	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.
Farm marketings and CCC loans 1/	2,489	2,350	1,872	1,812	4,361	4,162
Livestock and products	1,311	1,241	1,181	1,134	2,492	2,375
Meat animals	761	627	631	563	1,392	1,190
Dairy products	318	335	294	319	612	654
Poultry and eggs	212	258	237	232	449	490
Other	20	21	19	20	39	41
Crops	1,178	1,109	691	678	1,869	1,787
Food grains	183	155	114	102	297	257
Feed crops	270	302	212	246	482	548
Cotton (lint and seed)	247	256	77	57	324	313
Oil-bearing crops	68	48	48	27	116	75
Tobacco	139	79	20	19	159	98
Vegetables	102	97	94	94	196	191
Fruits and tree nuts	66	76	59	70	125	146
Other	103	96	67	63	170	159
Government payments	35	39	31	27	66	66
Total cash receipts	2,524	2,389	1,903	1,839	4,427	4,228

Table 3.- Index numbers of cash receipts from farm marketings and CCC loans, physical volume of farm marketings, and prices received by farmers, United States (1935-39=100)

Item	January 1955	January 1956	February 1955	February 1956	January-February 1955	January-February 1956
Cash receipts from farm marketings and CCC loans 1/:						
All commodities	375	355	282	273	328	314
Livestock and products	345	327	311	298	328	312
Crops	416	392	244	240	330	316
Physical volume of farm marketings:						
All commodities	162	166	125	134	144	150
Livestock and products	164	173	145	158	154	166
Crops	160	156	98	102	129	129
Prices received by farmers:						
All commodities	243	226	244	226	244	226
Livestock and products	240	221	245	220	242	220
Crops	247	231	244	231	246	231

1/ Receipts from loans represent value of loans minus value of redemptions during the month.

Table 4.- Cash receipts from farm marketings, by States, January 1955-56

State and region	Livestock and products		Crops		Total	
	1955	1956	1955	1956	1955	1956
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	8,067	8,538	6,665	8,312	14,732	16,850
New Hampshire	4,137	4,706	703	673	4,840	5,379
Vermont	7,983	7,520	744	635	8,727	8,155
Massachusetts	9,890	9,868	3,681	3,625	13,571	13,493
Rhode Island	1,446	1,492	416	356	1,862	1,848
Connecticut	8,505	9,620	5,606	5,323	14,111	14,943
New York	44,848	45,598	13,253	11,838	58,101	57,436
New Jersey	16,381	17,736	4,084	3,502	20,465	21,238
Pennsylvania	45,268	47,509	15,363	12,612	60,631	60,121
North Atlantic Region	146,525	152,587	50,515	46,876	197,040	199,463
Ohio	54,370	51,274	31,518	27,198	85,888	78,472
Indiana	56,029	50,412	26,424	32,286	82,453	82,698
Illinois	94,319	82,558	53,758	74,225	148,077	156,783
Michigan	29,081	31,074	18,160	17,439	47,241	48,513
Wisconsin	70,256	73,236	9,106	9,770	79,362	83,006
East North Central Region	304,055	288,554	138,966	160,918	443,021	449,472
Minnesota	69,223	67,591	39,882	51,236	109,105	118,827
Iowa	160,601	133,523	69,351	54,951	229,952	188,474
Missouri	51,680	46,575	16,036	25,449	67,716	72,024
North Dakota	10,647	9,888	33,291	34,936	43,938	44,824
South Dakota	31,194	27,317	20,645	10,745	51,839	38,062
Nebraska	72,919	59,958	39,366	27,457	112,285	87,415
Kansas	43,634	39,031	43,586	24,414	87,220	63,445
West North Central Region	439,898	383,883	262,157	229,188	702,055	613,071
Delaware	5,000	5,162	682	719	5,682	5,881
Maryland	12,279	11,704	2,522	2,032	14,801	13,736
Virginia	16,462	15,576	13,777	10,982	30,239	26,558
West Virginia	5,479	5,649	1,982	1,932	7,461	7,581
North Carolina	16,857	18,245	12,892	11,521	29,749	29,766
South Carolina	6,538	6,538	6,985	7,683	13,523	14,221
Georgia	23,745	24,950	8,311	13,293	32,056	38,243
Florida	10,085	10,340	40,847	50,844	50,932	61,184
South Atlantic Region	96,445	98,164	87,998	99,006	184,443	197,170
Kentucky	16,609	15,675	90,867	47,287	107,476	62,962
Tennessee	14,932	14,460	20,129	23,367	35,061	37,827
Alabama	14,917	15,048	6,542	12,481	21,459	27,529
Mississippi	9,797	10,286	31,008	37,264	40,805	47,550
Arkansas	11,976	12,065	19,252	32,533	31,228	44,598
Louisiana	9,170	9,382	20,284	23,271	29,454	32,653
Oklahoma	23,399	22,538	14,029	12,480	37,428	35,018
Texas	58,453	56,812	125,085	117,788	183,538	174,600
South Central Region	159,253	156,266	327,196	306,471	486,449	462,737
Montana	11,389	10,371	31,867	34,350	43,256	44,721
Idaho	11,607	10,740	18,486	17,603	30,093	28,343
Wyoming	4,034	3,954	2,506	2,617	6,540	6,571
Colorado	21,711	19,986	17,905	15,286	39,616	35,272
New Mexico	4,569	4,347	7,128	6,940	11,697	11,287
Arizona	6,985	6,596	52,019	34,235	59,004	40,831
Utah	8,251	8,140	3,491	2,789	11,742	10,929
Nevada	2,381	2,090	655	663	3,036	2,753
Washington	13,365	14,110	42,423	35,362	55,788	49,472
Oregon	11,931	11,729	17,378	15,387	29,309	27,116
California	68,454	69,147	117,224	101,892	185,678	171,039
Western Region	164,677	161,210	311,082	267,124	475,759	428,334
United States	1,310,853	1,240,664	1,177,914	1,109,583	2,488,767	2,350,247

Table 5.- Cash receipts from farm marketings, by States, February 1955-56

State and region	Livestock and products		Crops		Total	
	1955	1956	1955	1956	1955	1956
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	8,158	7,565	8,040	9,286	16,198	16,851
New Hampshire	4,243	4,331	687	653	4,930	4,984
Vermont	7,625	6,915	888	749	8,513	7,664
Massachusetts	10,057	9,378	3,590	3,169	13,647	12,547
Rhode Island	1,373	1,314	415	358	1,788	1,672
Connecticut	8,404	8,319	4,942	4,443	13,346	12,762
New York	41,004	39,912	13,244	12,306	54,248	52,218
New Jersey	16,902	15,264	3,910	3,321	20,812	18,585
Pennsylvania	43,336	43,434	16,209	11,953	59,545	55,387
North Atlantic Region	141,102	136,432	51,925	46,238	193,027	182,670
Ohio	51,849	50,080	20,327	21,060	72,176	71,140
Indiana	59,106	54,318	26,189	27,311	85,295	81,629
Illinois	80,300	75,042	45,200	75,832	125,500	150,874
Michigan	28,573	30,196	13,558	13,623	42,131	43,819
Wisconsin	67,637	72,389	8,230	7,608	75,867	79,997
East North Central Region	287,465	282,025	113,504	145,434	400,969	427,459
Minnesota	66,021	63,968	30,291	36,659	96,312	100,627
Iowa	132,121	119,546	54,182	45,412	186,303	164,958
Missouri	48,499	44,607	8,061	12,480	56,560	57,087
North Dakota	8,367	8,190	20,614	18,396	28,981	26,586
South Dakota	25,147	22,895	12,517	6,898	37,664	29,793
Nebraska	60,551	51,758	25,298	19,511	85,849	71,269
Kansas	37,435	33,431	36,862	25,682	74,297	59,113
West North Central Region	378,141	344,395	187,825	165,038	565,966	509,433
Delaware	4,375	5,026	678	586	5,053	5,612
Maryland	11,023	10,457	2,410	2,186	13,433	12,643
Virginia	15,601	14,603	5,542	5,759	21,143	20,362
West Virginia	5,237	5,423	1,730	1,540	6,967	6,963
North Carolina	15,895	17,502	6,210	5,946	22,105	23,448
South Carolina	6,060	5,924	3,289	3,683	9,349	9,607
Georgia	21,131	22,791	9,029	5,598	30,160	28,389
Florida	8,977	9,355	48,840	53,830	57,817	63,185
South Atlantic Region	88,299	91,081	77,728	79,128	166,027	170,209
Kentucky	15,412	14,991	7,447	8,240	22,859	23,231
Tennessee	15,387	15,260	8,282	10,605	23,669	25,865
Alabama	13,282	13,977	8,268	3,419	21,550	17,396
Mississippi	9,957	10,392	9,482	9,984	19,439	20,376
Arkansas	11,550	11,884	9,924	11,636	21,474	23,520
Louisiana	8,492	8,553	7,898	8,514	16,390	17,067
Oklahoma	21,222	20,689	7,712	3,790	28,934	24,479
Texas	47,413	47,293	35,129	26,343	82,542	73,636
South Central Region	142,715	143,039	94,142	82,531	236,857	225,570
Montana	7,204	6,492	12,451	17,043	19,655	23,535
Idaho	9,645	9,173	12,105	10,532	21,750	19,705
Wyoming	3,467	3,166	1,314	1,413	4,781	4,579
Colorado	17,382	16,540	5,830	7,518	23,212	24,058
New Mexico	3,905	3,716	6,017	5,884	9,922	9,600
Arizona	6,434	6,119	14,020	10,804	20,454	16,923
Utah	7,933	7,706	1,575	1,417	9,508	9,123
Nevada	1,565	1,453	550	550	2,115	2,003
Washington	11,937	12,223	30,195	24,772	42,132	36,995
Oregon	10,461	9,938	12,393	10,209	22,854	20,147
California	63,687	60,389	69,539	69,598	133,226	129,987
Western Region	143,620	136,915	165,989	159,740	309,609	296,655
United States	1,181,342	1,133,887	691,113	678,109	1,872,455	1,811,996

Table 6.- Cash receipts from farm marketings, by States, January-February 1955-56

State and region	Livestock and products		Crops		Total	
	1955	1956	1955	1956	1955	1956
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	16,225	16,103	14,705	17,598	30,930	33,701
New Hampshire	8,380	9,037	1,390	1,326	9,770	10,363
Vermont	15,608	14,435	1,632	1,384	17,240	15,819
Massachusetts	19,947	19,246	7,271	6,794	27,218	26,040
Rhode Island	2,819	2,806	831	714	3,650	3,520
Connecticut	16,909	17,939	10,548	9,766	27,457	27,705
New York	85,852	85,510	26,497	24,144	112,349	109,654
New Jersey	33,283	33,000	7,994	6,823	41,277	39,823
Pennsylvania	88,604	90,943	31,572	24,565	120,176	115,508
North Atlantic Region	287,627	289,019	102,440	93,114	390,067	382,133
Ohio	106,219	101,354	51,845	48,258	158,064	149,612
Indiana	115,135	104,730	52,613	59,597	167,748	164,327
Illinois	174,619	157,600	98,958	150,057	273,577	307,657
Michigan	57,654	61,270	31,718	31,062	89,372	92,332
Wisconsin	137,893	145,625	17,336	17,378	155,229	163,003
East North Central Region	591,520	570,579	252,470	306,352	843,990	876,931
Minnesota	135,244	131,559	70,173	87,895	205,417	219,454
Iowa	292,722	253,069	123,533	100,363	416,255	353,432
Missouri	100,179	91,182	24,097	37,929	124,276	129,111
North Dakota	19,014	18,078	53,905	53,332	72,919	71,410
South Dakota	56,341	50,212	33,162	17,643	89,503	67,855
Nebraska	133,470	111,716	64,664	46,968	198,134	158,684
Kansas	81,069	72,462	80,448	50,096	161,517	122,558
West North Central Region	818,039	728,278	449,982	394,226	1,268,021	1,122,504
Delaware	9,375	10,188	1,360	1,305	10,735	11,493
Maryland	23,302	22,161	4,932	4,218	28,234	26,379
Virginia	32,063	30,179	19,319	16,741	51,382	46,920
West Virginia	10,716	11,072	3,712	3,472	14,428	14,544
North Carolina	32,752	35,747	19,102	17,467	51,854	53,214
South Carolina	12,598	12,462	10,274	11,366	22,872	23,828
Georgia	44,876	47,741	17,340	18,891	62,216	66,632
Florida	19,062	19,695	89,687	104,674	108,749	124,369
South Atlantic Region	184,744	189,245	165,726	178,134	350,470	367,379
Kentucky	32,021	30,666	98,314	55,527	130,335	86,193
Tennessee	30,319	29,720	28,411	33,972	58,730	63,692
Alabama	28,199	29,025	14,810	15,900	43,009	44,925
Mississippi	19,754	20,678	40,490	47,248	60,244	67,926
Arkansas	23,526	23,949	29,176	44,169	52,702	68,118
Louisiana	17,662	17,935	28,182	31,785	45,844	49,720
Oklahoma	44,621	43,227	21,741	16,270	66,362	59,497
Texas	105,866	104,105	160,214	144,131	266,080	248,236
South Central Region	301,968	299,305	421,338	389,002	723,306	688,307
Montana	18,593	16,863	44,318	51,393	62,911	68,256
Idaho	21,252	19,913	30,591	28,135	51,843	48,048
Wyoming	7,501	7,120	3,820	4,030	11,321	11,150
Colorado	39,093	36,526	23,735	22,804	62,828	59,330
New Mexico	8,474	8,063	13,145	12,824	21,619	20,887
Arizona	13,419	12,715	66,039	45,039	79,458	57,754
Utah	16,184	15,846	5,066	4,206	21,250	20,052
Nevada	3,946	3,543	1,205	1,213	5,151	4,756
Washington	25,302	26,333	72,618	60,134	97,920	86,467
Oregon	22,392	21,667	29,771	25,596	52,163	47,263
California	132,141	129,536	186,763	171,490	318,904	301,026
Western Region	308,297	298,125	477,071	426,864	785,368	724,989
United States	2,492,195	2,374,551	1,869,027	1,787,692	4,361,222	4,162,243

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